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IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION

IN RE:	§	
	§	CASE NO. 10-33868-11
ANGARAKA LIMITED PARTNERSHIP	§	
	§	
DEBTOR.	§	CHAPTER 11

**C-III ASSET MANAGEMENT'S CONSOLIDATED OBJECTION TO: I) DEBTOR'S  
RESPONSE TO TEXAS COMPTROLLER OF PUBLIC ACCOUNTS' MOTION TO  
DISMISS CASE WITH PREJUDICE; AND II) MOTION OF THE DEBTOR FOR  
ENTRY OF AN ORDER AUTHORIZING THE DEBTOR TO PAY  
PREPETITION TAXES AND RELATED OBLIGATIONS**

C-III Asset Management LLC (f/k/a Centerline Servicing LLC, f/k/a ARCap Servicing, Inc., in its capacity as special servicer pursuant to that certain Pooling and Servicing Agreement dated March 1, 1999) ("C-III Asset Management") files its Consolidated Objection (the "Objection") to: i) Debtor's Response (the "Response") to Texas Comptroller of Public Accounts' (the "Comptroller") Motion to Dismiss Case with Prejudice (the "Motion to Dismiss"); and ii) Motion of the Debtor for Entry of an Order Authorizing the Debtor to Pay Prepetition Taxes and Related Obligations (the "Motion to Pay Prepetition Debt"). In support of the Objection, C-III Asset Management shows the following:

1. The Comptroller filed his Motion to Dismiss on February 28, 2011 [Docket No. 105]. In the Motion to Dismiss, the Comptroller alleged that Debtor's charter was forfeited

prepetition due to Debtor's failure to pay its franchise taxes. According to the Comptroller, under applicable state law, Debtor's forfeiture means that Debtor may liquidate its assets and wind down, but may not reorganize.

2. On March 21, 2011, Debtor filed its response arguing essentially that Debtor can either: i) convert its case or file a liquidating plan and not be in violation of the Texas state law; or ii) pay the Comptroller prior to a plan being confirmed; and thus avoid the gravamen of the Comptroller's Motion to Dismiss.

3. Ten days later, on March 31, 2011, Debtor filed its Motion to Pay Prepetition Debt. In that motion, Debtor seeks permission to immediately pay the Comptroller \$33,096.00 in prepetition franchise taxes.

### **OBJECTION**

4. C-III Asset Management objects to the Motion to Pay Prepetition Debt and the Response. As the Debtor stipulated in the Cash Collateral Order, C-III Asset Management has a perfected security interest in all of the Debtor's assets. Pursuant to the Cash Collateral Order, the Debtor may only use cash to satisfy expenses provided for in its budget (which Debtor has failed to provide) unless C-III Asset Management consents to such payment. C-III Asset Management does not consent to Debtor paying the Comptroller. Additionally, the Debtor is owned by a closed-end fund which, by definition, means that the Debtor's equity owners are unable to contribute additional funds to the Debtor. Thus, the Debtor does not have the ability to pay the prepetition debt without C-III Asset Management's consent.

5. Furthermore, pursuant to the Cash Collateral Order, "none of Secured Creditor's Collateral, including the Cash Collateral, shall be subject to surcharge, pursuant to §§ 506(c), 552(b) or 105(a) . . . or any other section of the Bankruptcy Code shall be implied from any action, inaction or acquiescence by Secured Creditor."

6. C-III Asset Management also objects to Debtor's argument that the Debtor may amend its Plan to a liquidating plan or convert its case. Preliminarily, the Debtor has simply not taken such action. Moreover, under the Cash Collateral Order, Debtor may not seek conversion of the case without C-III Asset Management's permission. Furthermore, if an order is entered converting Debtor's bankruptcy case, Debtor will be in default under the Cash Collateral Order. Given that this type of default is incurable and because Debtor has defaulted more than three times under the Cash Collateral Order whereby any further default would automatically trigger stay relief for C-III Asset Management, no stay would be in place and C-III Asset Management would merely take possession of its collateral.

#### **REQUEST FOR RELIEF**

C-III Asset Management respectfully requests that the Court: i) grant the Motion to Dismiss; ii) deny the Motion to Pay Prepetition Debt; and iii) grant such other and further relief as the Court deems just and appropriate.

Respectfully submitted,

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### **CERTIFICATE OF SERVICE**

A true and correct copy of the foregoing document was served on April 22, 2011 upon the counsel for Debtor, the Office of the United States Trustee, Debtor's 20 largest creditors, and all persons who have filed a notice of appearance and request for service of pleadings in the chapter 11 case via first class, U.S. mail, postage prepaid, e-mail, or via ECF Electronic Notice.

/s/ C. Josh Osborne  
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